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Viewing cable 09CARACAS1286, SUGAR PROCESSORS ARE BRV FAVORITES

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09CARACAS1286**.

Reference ID	Created	Released	Classification	Origin
09CARACAS1286	2009-10-05 20:03	2011-08-30 01:44	CONFIDENTIAL	Embassy Caracas

Appears in these articles:

<http://www.semana.com/mundo/wikileaks-venezuela-como-ha-sobrevivido-venevision/158912-3.aspx>

VZCZCXYZ0008
PP RUEHWEB

DE RUEHCV #1286 2782003
ZNY CCCCC ZZH
P 052003Z OCT 09
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 3782
INFO RUEHBR/AMEMBASSY BRASILIA 6188

C O N F I D E N T I A L CARACAS 001286

SIPDIS

SECSTATE PASS AGRICULTURE ELECTRONICALLY

E.O. 12958: DECL: 09/28/2024
TAGS: [EAGR](#) [ECON](#) [PGOV](#) [VE](#) [ETRD](#)
SUBJECT: SUGAR PROCESSORS ARE BRV FAVORITES

Classified By: Randall Hager, Agricultural AttachQ,
for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: Despite the BRV's overall negative attitude toward big business, Venezuela's large sugar processors have found official foreign exchange and import permits easier to obtain. A prime example is Centro Azucarero Portuguesa (CAPSA), the country's largest processor. However, facilitated access to inputs comes with an implied obligation

to respond to government requests to provide more sugar for the masses. END SUMMARY.

¶2. (C) According to XXXXXXXXXXXXX official foreign exchange have been easy to obtain from the government, in contrast to other sectors which must often wait longer to receive needed paperwork. During a September 23 plant visit by AgAttache, we noticed a significant number of trucks discharging loads of recently imported Brazilian raw sugar. Arco estimates that CAPSA will import as much as 150,000 metric tons of raw sugar this year.

¶3. (C) To provide additional sugar for the consumer market, an Official Gazette notice of July 17, 2009 stipulates that the industry as a whole sell 60 percent of output to the consumer market and 40 percent for food processing. COMMENT: By directing that a larger percentage of sugar now goes to the consumer market, the BRV can demonstrate its support for the people. However, we expect some "leakage," and other plants may continue to divert raw materials to processors, despite official limitations, as it is profitable to do so. END COMMENT.

4 (C) According to XXXXXXXXXXXXX, Minister of Agriculture Elias Jaua recently inspected CAPSA operations, and found them to be acceptable and beneficial for the country, though he did reportedly encourage them to boost output for the consumer market, something that CAPSA is starting to do. As a result, CAPSA is confident that it will not be expropriated given that it is a strategic industry, is complying with government wishes, and is far too complicated for the government to administer properly. COMMENT: We believe that Arco's analysis is correct, sugar milling is a complex process, and the costs of mismanagement would be significant. It is telling that the BRV continues to strongly support this mill, even as it has invested millions to build several of its own modern plants in the same region. These plants have never begun operations. END COMMENT.

¶5. (C) CAPSA is clearly a well-run operation, with significant investments made in infrastructure over the last few years in a difficult economic environment. The company was founded in 1966, and since 1984 has been owned by the Cisneros Group.

¶6. (C) In a September 30 conversation with the Ambassador, Oswaldo Cisneros (protect) noted that he had been asked by the Minister of Science, Technology and Intermediate Industry Jesse Chacon to prepare a report on the sugar industry which would be delivered to the government the week of October 5. Cisneros said he estimates that domestic sugar production will drop 12-14 percent in 2010 and that Venezuela will import as much as 650,000 metric tons of sugar. DUDDY